

November 15, 2008

Mr. Charles Terreni
Chief Clerk and Administrator
Public Service Commission of South Carolina,
101 Executive Center Dr., Suite 100
Columbia, SC 29210

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Posted: lod S.C. PUBLIC SERVICE COMMISSION
Dept: SA/ORS RECEIVE
Date: 11/19/08 NOV 18 2008
Time: _____

Docket 2008-196-E: Reject Rate Increase for Reactors; Require Conservation, Efficiency

Dear Mr. Terreni,


As an electricity consumer, I am writing to you concerning the application of South Carolina Electric & Gas (SCE&G) for a rate increase to build two costly nuclear reactors. I request that this letter be posted on line in docket 2008-196-E.

I urge the Public Service Commission to reject the SCE&G rate increase application now before it, for the following reasons:

1. The application is woefully inadequate as it fails to analyze lower-cost conservation, efficiency and renewables as an alternative to building two nuclear units, whose costs are escalating dramatically. SCE&G must conduct a thorough analysis of aggressive Demand Side Management programs and alternative energy, which is the trend of the future, and be directed by the PSC to prepare a new, thorough Integrated Resource Plan (IRP).
2. The application and associated documents fail to present any evidence that private financial institutions will fund such a risky project. SCE&G must prove in its application that it can secure such funding and demonstrate that it has taken the financial crisis into account in its planning.
3. SCE&G has failed to present to the PSC an accurate cost estimate of the project. On October 2, the U.S. Department of Energy released an estimate of a single average nuclear plant to be \$9 billion. This amount is only slightly less than the \$9.8 billion SCE&G has resented for two reactors. SCE&G must be instructed to withdraw its application until it can present accurate cost figures, including for inflation, financing costs and material escalation.
4. The U.S. Department of Energy is currently in the process of giving rankings to companies which could obtain "loan guarantees" to back their projects in case of default (estimated by the Congressional Budget Office to be 50% of nuclear projects). The application should be rejected until such time it is known if SCE&G will secure a loan guarantee and if the program will even be continued by the new Congress.
5. The reactor design being pursued by SCE&G, the AP1000, does not even exist. The Nuclear Regulatory Commission is reviewing the design and currently there is not even a clear schedule for such review. At best, it could be 2012 before the design is final. Thus, the application should be rejected until such time a design is final and can be properly reviewed by the public.

Thanks for considering my views in this important process.

Sincerely,


Velva A. Hudgins
President, APNU Local 807

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